

SOUTH EASTERN HSC TRUST
FINANCE REPORT
5 MONTHS TO 31 AUGUST 2020

Overall Position

The Trust is reporting a year to date deficit at month 5 of £5.2m and is forecasting a year end deficit of £12.6m (month 4 forecast deficit £18.3m).

The improvement in position is due to the following factors:-

	£m	£m
Month 4 deficit		18,299
Cost Reduction due to Covid-19	(2,102)	
Natural Delays on developments and recruitment	(1,219)	
Other Efficiency/Productivity Measures	(2,923)	
Reduction in Rates Pressure	(508)	
New Inescapable Pressures	1,007	
		(5,752)
Forecast Deficit		12,544

The Trust has identified a further £2.1m in cost reductions due to Covid-19 along with a further £1.2m of natural delays in new developments and £2.9m in other low/no impact efficiency measures. Funding has been agreed for the pressure in rates and new cost pressures of £1m have been identified mainly relating to Adults high cost cases. Whilst an

in year deficit of £12.6m for 2020-21 is currently forecast, the recurrent deficit is £32.5m

Draft Financial Strategy 2020-21

The Trust submitted its Draft Financial Strategy to the Health and Social Care Board clearly setting out the financial position of the Trust and the financial assumptions which underpin this position.

In line with this strategy, the Trust continues to assume that the full cost of Transformation and Covid-19 related expenditure will be fully funded.

Progress on Savings

The savings target for 2020-21 set by DOH is £8.645m. This consists of £7.700m of Trust Savings and £0.945m of Pharmacy Savings. In 2019-20, the Trust delivered a total of £12.372m low impact savings, most of which were non recurrent in nature.

The Trust also has a balance of savings not achieved recurrently in 2018-19 and 2019-20 carried forward, resulting in a total saving requirement for 2020-21 in the region of £22m as detailed below:-

	£m
18-19 Savings Target not achieved recurrently	6.0
19-20 Trust Savings not achieved recurrently	7.4
20-21 Trust Savings	7.7
Regional Pharmacy Savings	0.9
Total Savings Requirement 2020-21	22.0

In addition there are a number of new unfunded pressures that have arisen in year. Therefore the Trust will be faced with a very challenging financial position in 2020-21 and it is likely that if the Trust does not secure additional funding then financial breakeven will not be achieved by low impact measures only.

Low impact savings of £15.361m have been identified and are detailed below. At month 5 we remain on track to achieve all identified savings:

Trust Savings Plans	In Year Effect £000	Full Year Effect £000
Cost reduction due to Covid-19	7,314	0
Natural Delays on developments & recruitment	3,064	0
Other Efficiency/Productivity measures	4,438	0
Regional Pharmacy Savings (19-20 & 20-21)	545	353
Total	15.361	353

Covid-19 Expenditure

The Trust is assuming in its Financial Plan that the cost of Covid-19, including Re-building costs, will be funded. The current forecast expenditure required for Covid-19/Rebuilding for 2020-21 will be in the region of £68m. It is extremely difficult to forecast Covid-19 expenditure as expenditure and associated activity will be largely affected by the impact and severity of a second wave.

The forecast costs include the following:-

	20-21 forecast £m
Covid-19 expenditure	57.4
Restart costs*	1.4
Rebuild Costs**	9.2
Total	68.0

* Restart costs - Inescapable costs of opening existing services.

** Rebuild costs - Additional costs of delivering services in a new and sustainable way.

Key Assumptions/Risks

- Trust will be fully funded for those Transformation Projects approved by DOH.
- Additional costs in respect of Covid-19 and rebuilding of services will be funded.

- 2020-21 pay award will be funded.
- Trust is assuming that funding in respect of Psychological Therapies will continue (£541k).
- There may be additional costs in respect of EU Exit preparations.
- There will be no major accounting changes or provisions at year end.

Conclusion

For Month 5 our end of year forecast deficit has reduced to £12.6m. We will continue to work with HSCB/DOH colleagues in an attempt to secure additional support to achieve a break-even position. We also continue to explore additional savings opportunities and further refine our financial forecasts.

Given the unpredictable nature of the ongoing pandemic, 2020-21 continues to present significant challenges to both financial management and forecasting and the Trust continues to work collaboratively across the HSC system to manage these.

Wendy Thompson

Summary Financial Position

Period ended:	Reported(Surplus) / Deficit £m	Forecast year end (surplus) /Deficit £m
31 st May 2020	N/A	N/A
30 th June 2020	4.6	18.3
31 st July 2020	6.1	18.3
31 st August 2020	5.2	12.6

Directorate Performance – Summary

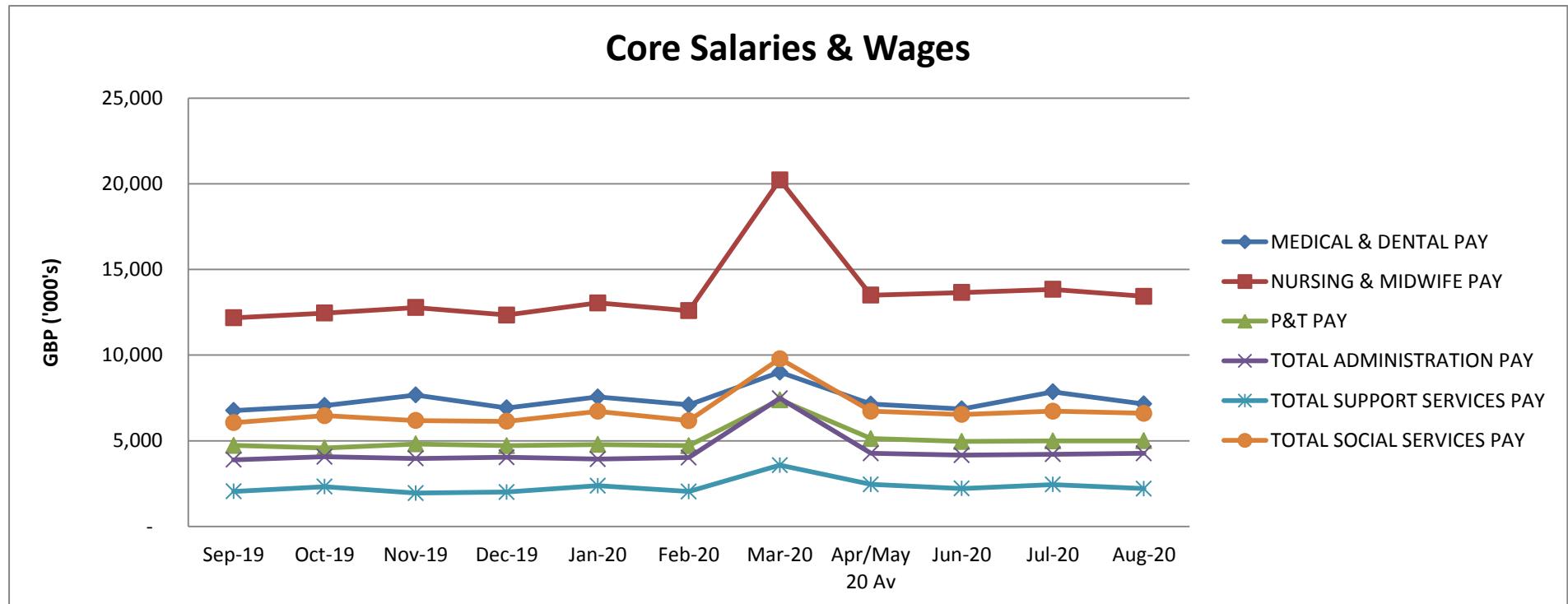
NB: In the following tables a negative figure represents an underspend against budget, with a positive figure indicating an overspend

	(SURPLUS)/ DEFICIT YEAR TO DATE			DIRECTORATE FORECAST YEAR END POSITION
	SALARIES AND WAGES	GOODS AND SERVICES	TOTAL	
	£'000	£'000	£'000	£'000
ADULT & PRISON SERVICES	378	(311)	67	(710)
CHILDRENS SERVICES	(861)	448	(413)	1,163
PRIMARY & ELDERLY SERVICES	130	(921)	(791)	1,254
FINANCE & ESTATES	(5)	539	534	(652)
HOSPITAL SERVICES	4,590	1,830	6,420	10,432
PLANNING,IT & PERF MANGEMENT	(161)	208	47	(640)
HUMAN RESOURCES & CORP AFFAIRS	(60)	55	(5)	(22)
	4,011	1,848	5,859	10,825
COST PRESSURES/SAVINGS/INCOME ANTICIPATED			(615)	1,729
(SURPLUS)/DEFICIT			5,244	12,554
FURTHER TRUST SAVINGS – TO BE IDENTIFIED				0
YEAR END PROJECTION				12,554

* The Trust is assuming that the cost of Transformation and Covid-19 will be fully funded.

Table 1 – Core Salaries and Wages Expenditure

The graph below illustrates the stable trends in core payroll (excluding Covid-19 expenditure) spend across the Trust for a rolling period of twelve months – our top six spend areas in terms of salaries and wages are shown below – representing over 90% of our total monthly pay bill:



Payroll costs are affected by whether there are four or five pay days for weekly paid staff (month 5 was a four week month and month 4 a five week month). Month 12 2019-20 included the AFC pay award and one off year end creditors. Month 1 2020-21 included the AFC pay award for 2020-21 and Month 4 included the Medical and Dental pay award.

Table 2 – Covid-19 Salaries and Wages Expenditure

The graph below illustrates the Covid-19 related expenditure. This includes the **additional** costs of staff redeployed to Covid-19 activities, for example overtime costs, enhanced rates and additional hours.

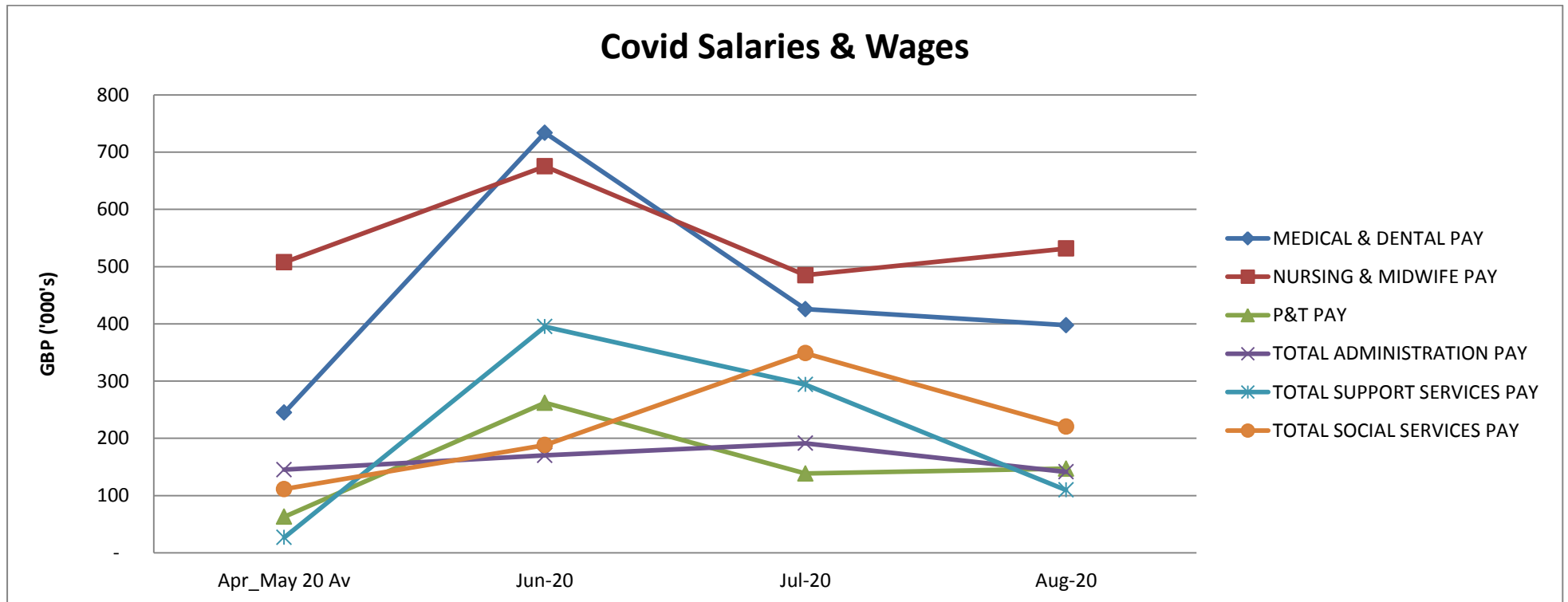
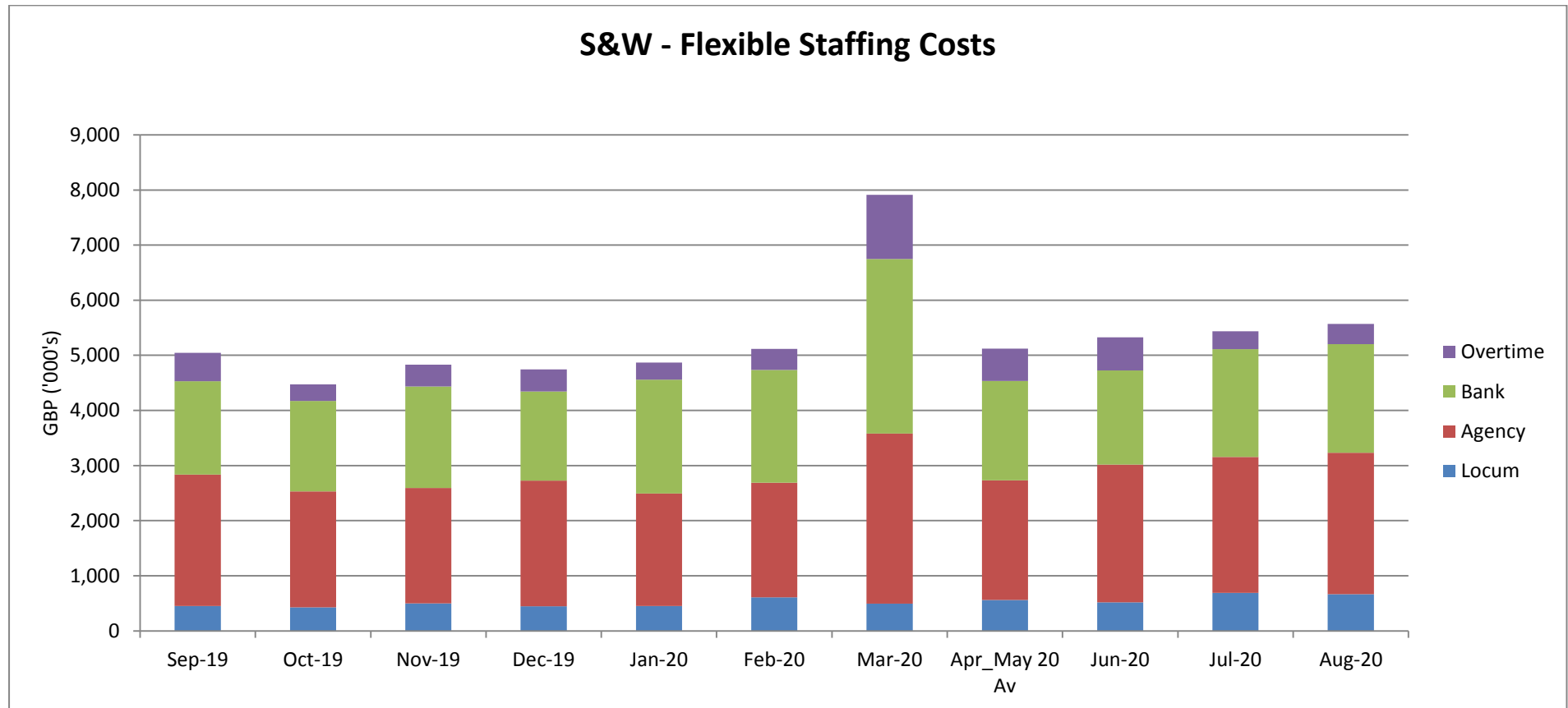


Table 3 – Total Flexible Staffing Costs

The graph below illustrates the trend in flexible payroll costs for a rolling period of twelve months. The total spend on these areas each month is highlighted below: (figures have been adjusted to remove anomalies created by 4 and 5 week months. (Month 5 was a four week month and month 4 a five week month).



The above table includes total flexible staffing cost, both core and Covid-19.

Table 4 Core Goods and Services Expenditure

Almost 80% of the Trust’s monthly goods and services can be represented in the six categories below – monthly trends in this expenditure have remained relatively stable. Domiciliary Care expenditure is impacted by 4 and 5 weekly months and has been adjusted to provide an average monthly figure. (Month 5 was a four week month and Month 4 a five week month).

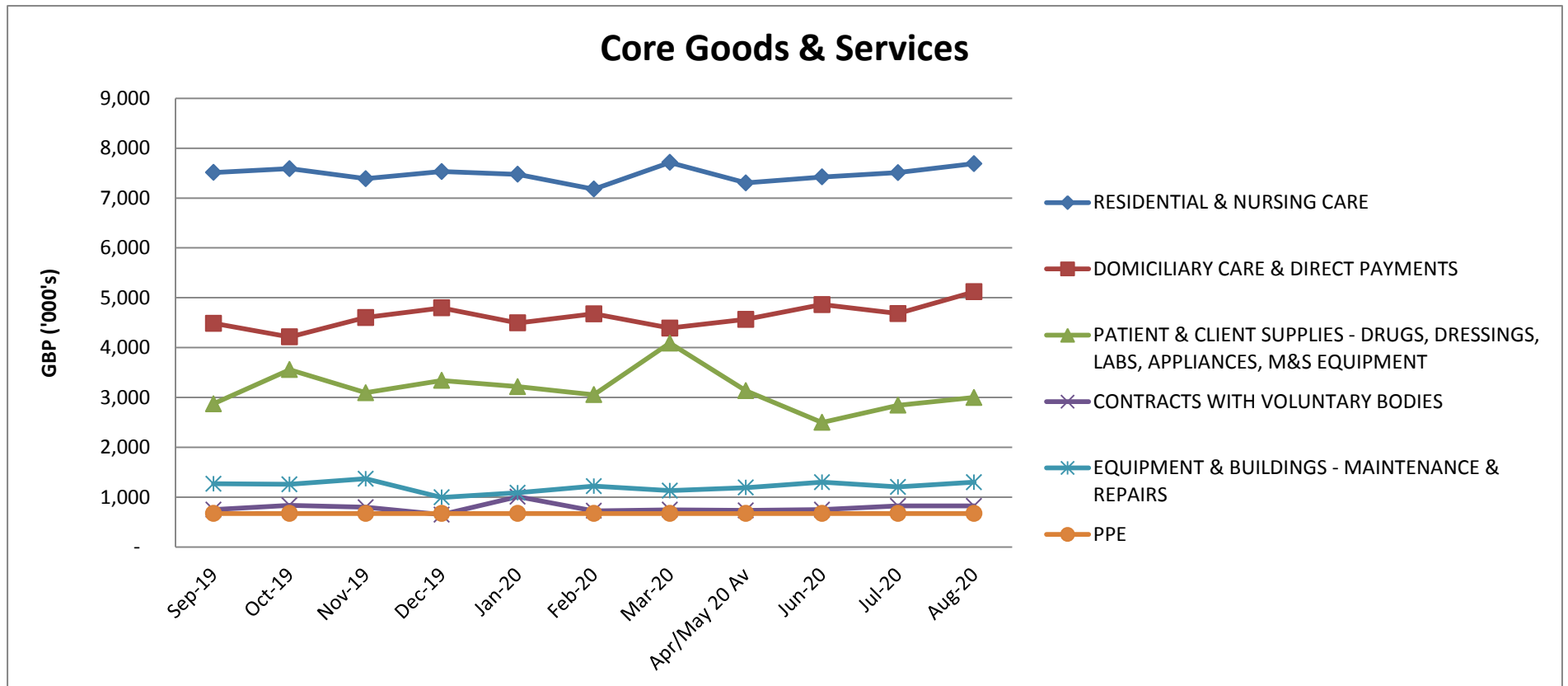
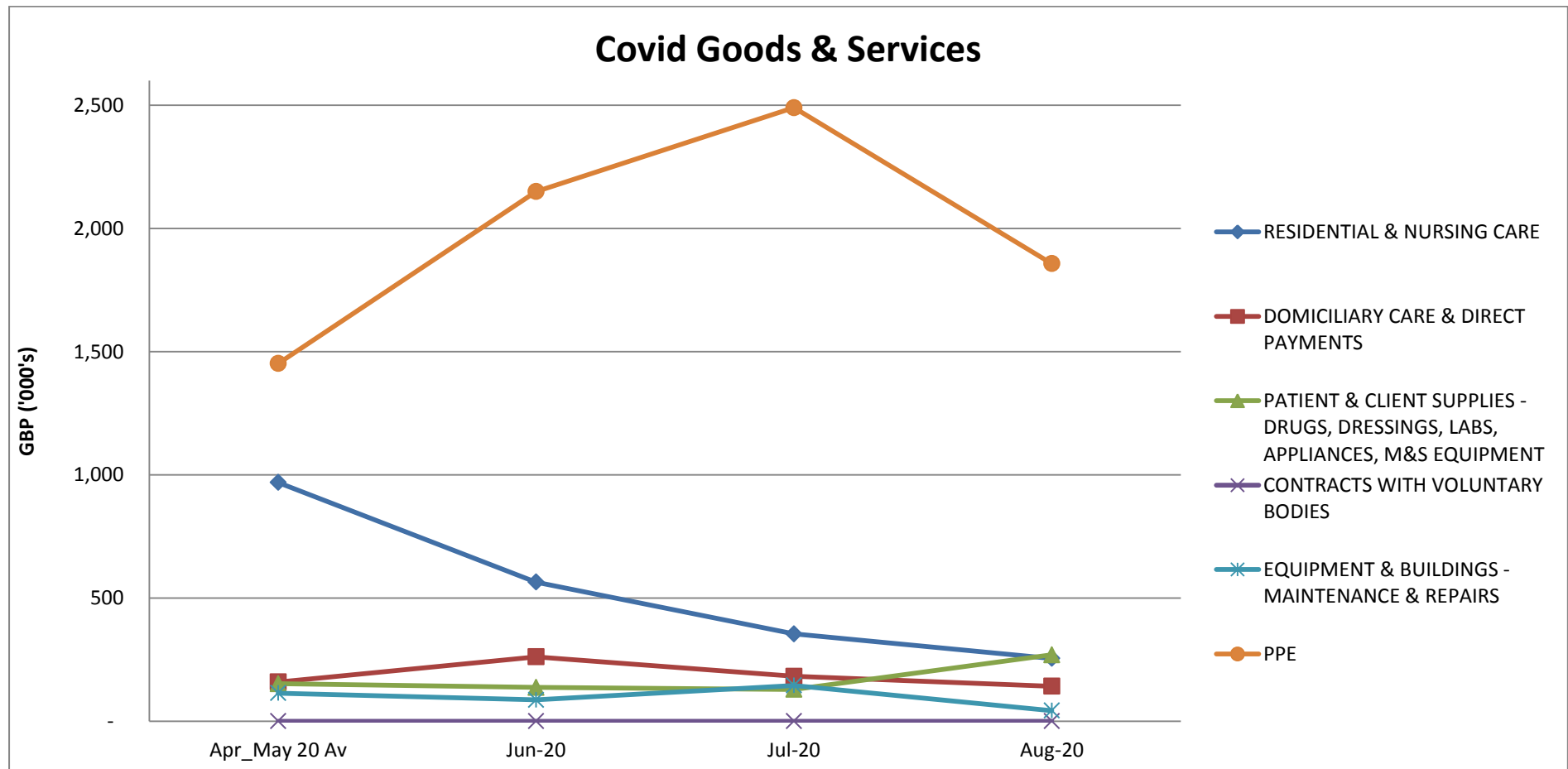


Table 5 Covid-19 Goods and Services Expenditure

The graph below illustrates the Covid-19 related expenditure. Expenditure in respect of residential and nursing homes/domiciliary care relates to financial support and grants to the independent sector.



Capital Expenditure Month 5

The latest Trust's Capital Resource Limit (CRL), issued 15th September 2020 shows the total approved as £37.044m This has increased by £0.6m due to an additional approval for Lisburn HCC ICT & Equipment funding.

The general capital funding of £6.006m has been allocated to a range of projects across the various Directorates, as approved by the Trust's Executive Management Team. Other specific scheme funding of £6.6m relates to backlog maintenance £2.55m, £1.463m Covid_19 ASB, £1.12m ICT projects, £0.775m Task & Finish and Invest to Save, and £0.7m Lisburn HCC ICT & Equipment.

The following table summarises the Trust's 2020/21 Capital Resource Limit together with expenditure of £8.1m as at 31st August 2020 and forecast to 31 March 2021 of £37.043m. With the exception of Phase B, spend in quarter 1 is minimal due to Covid-19 and the associated lockdown measures. While in later months, spend is expected to increase, all subject to delivering services during Covid-19.

Note: Slippage on the Ulster Hospital Phase B project (£3.237)m has been advised by CPD, but is not currently reflected in the figures below.

	2020/21 Capital Resource Limit as at 12 May 2020 £'000	Changes in the 2020/21 CRL £'000	2020/21 Capital Resource Limit as at 15 th Sept 2020 £'000	Expenditure to 31/8/20 £'000	Forecast to 31/3/21 £'000
Ulster Hospital Phase B	24,412	0	24,412	4,399	24,412
Other Specific Schemes	6,012	+613	6,625	1,174	6,625
General Capital	6,006	0	6,006	2,557	6,006
Total	36,430	+613	37,043	8,130	37,043

**The Trust's capital programme in 2020/21 is subject to delivering capital projects during Covid-19.*